

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
STATE ASSURANCE FUND  
SUBSTITUTION REQUEST AND  
ELECTRONIC REIMBURSEMENT REQUEST FORMS  
(PAYMENTS FOR ACTIVITIES/COSTS NOT PREAPPROVED)**

**SUBSTITUTION REQUEST**

If a corrective action activity and/or cost claimed in the Direct Payment Application is not set forth in the Preapproval Application and is within the work objectives of the preapproved work plan, the applicant may request the actual performed activity and/or incurred cost be substituted for what was preapproved. To receive payment for a substituted work item, the applicant must waive any current or future claim to the preapproved activities and/or costs for which the substitution is made. To request ADEQ to effect a substitution, the applicant must complete the table of substitutions on Page 5 of this package, sign and have notarized the statement on Page 6 and submit both the table of substitutions and the notarized statement with the Direct Payment Application. If not submitted with the Direct Payment Application, the substitution request may be submitted during any appeal process.

Use of the substitution request is appropriate when the applicant desires to:

- Substitute units within the same cost ceiling code (substitute two borings to 30 feet each for unused footage from three preapproved borings to 20 feet each);
- If an activity and/or unit were not preapproved under a cost ceiling code, substitute the number of units within the same work item description as preapproved;
- If a preapproved work item has been completed and monies encumbered for accomplishment of that work item remain after all claims for that work item have been processed, substitute actions or costs (within the applicable cost ceilings) that accomplished another preapproved work item (where encumbered monies for accomplishment prove insufficient) for the unused encumbered monies; or
- If monies encumbered under the approved Preapproval Application remain, substitute the costs for the work actually performed for preapproved actions and costs, provided the work performed is reasonable and necessary, cost increments for actual work performed are within the applicable cost ceilings and the actual work performed is within the work objectives of the preapproved work plan.

If the only factor that prevents payment of a work item as a substitution (based on the above criteria) is lack of encumbered monies to make the payment, the applicant may request the cost of the work item be held in the form of an ADEQ-created Electronic Reimbursement Application. An explanation and instructions for use of the Electronic Reimbursement Application request begin on Page 7 of this document.

**NOTE:** If a work item claimed on the Direct Payment Application is not within the work objectives of the preapproved work plan, it cannot be paid from monies encumbered under the approved Preapproval Application (such an item can neither be paid as a substitution nor held for payment in the form of an Electronic Reimbursement Application). Such a work item must be re-submitted under a new reimbursement application.

## **INSTRUCTIONS FOR COMPLETING THE TABLE OF SUBSTITUTIONS**

### **DEFINITIONS:**

The definition of “substituted work item,” “work item” and “work objectives of the preapproved work plan” are critical to the understanding of what may be substituted within the preapproved work plan.

Therefore:

“Substituted work item” means, a work item that is claimed on the Direct Payment Application, instead of a preapproved work item that accomplishes the work objectives of the preapproved work plan using a different methodology.

“Work item” means, an action or task indicated by a line item or group of line items on an amount claimed summary worksheet, claimed summary worksheet or preapproval/direct pay cost estimate.

“Work objectives of the preapproved work plan” means the written goal of the proposed corrective action work to be performed, as related to the release(s) specified in the work plan. If the goal of the preapproved work plan is not stated in the work plan, the “objectives of the preapproved work plan” (proposed corrective action work to be performed, as related to the release(s) specified in the work plan) will be determined based on the content of the preapproved work plan. For example, if a work objective is site characterization, the work objective includes all work items necessary to accomplish the characterization of the release(s) specified in the work plan, which may include activities and related costs such as drilling costs, laboratory costs, characterization, labor costs, mileage and other items that accomplish the intended characterization of the subject release(s).

1. In preparing the table of substitutions, only one work item should be shown under each work item/cost substitution table heading. A substituted work item must be necessary to accomplish the work objectives of the preapproved work plan. Please number each work item/cost substitution listed on the table of substitutions consecutively. If more space is needed, attach another page (8.5"x11" white paper) using the same table format.

Also, please be aware that the cost of the substituted work item will be evaluated based on the cost ceiling/guideline applied to the approved Preapproval Application. If the work item is a different means of performing the same type of work (a different type of drill rig, different analytical method, etc.) as preapproved, the work item will not be reviewed for being reasonable and necessary as that determination was performed during the preapproval approval process.

2. Under the table heading “direct payment application,” complete the information in each column. Note: the columns headed “ref. #” and “direct pay activity/unit description” require some specific explanation:
  - Ref. no. – This column is to be used to identify the reference number assigned to the specific units/costs for which substitution is sought. If the substitution is submitted with the Direct Payment Application, please insert the identifier under Column I (ref. no.) of the amount claimed summary worksheet. If the substitution request is submitted after ADEQ issues the interim determination letter, insert the identifier under the column headed “line number” on the amount claimed summary worksheet that was enclosed with the ADEQ interim determination letter.
  - Direct pay activity/unit description – This column is to be completed with the text of the cost item description (column seven) on the amount claimed summary worksheet (submitted with the Direct Payment Application) of the substituted work item being requested. If the substitution is a different means of performing the same type of work (a different type of drill rig, different analytical method, etc.) as preapproved, the direct payment activity/unit description is also to include a description of the work item that the claimed units completed.
3. Under the table heading “preapproval application,” complete the information in each column from the preapproval application for the work item that the applicant desires to release and pay towards the substituted work item set forth under the “direct payment application” area of the table of substitutions. Note: The columns headed “line number,” “preapproved activity/unit description” and “number of units” require some specific explanation:
  - Line number – This column is to be used to identify the line number of the specific units/costs of the preapproved work item waived and requested to be used for the corresponding substituted work item units/costs. Insert the identifier under the column headed “line number” on the claimed summary worksheet enclosed with the ADEQ final determination letter for the preapproval application. If the ADEQ final determination letter for the approved preapproval application did not include a claimed summary worksheet, insert the standard task description letter (A through M) from the preapproval/direct pay cost estimate summary.
  - Preapproved activity/unit description – This column is to be completed with the text of the cost item description (column seven) for the preapproved work item to be waived from the claimed summary worksheet (enclosed with the final determination letter for the Preapproval Application). If the ADEQ final determination letter for the approved Preapproval Application did not include a claimed summary worksheet, insert a description of the preapproved unit(s). The preapproved activity/unit description is also to include a description of the work item that the preapproved units were intended to complete.
  - Number of units – This column is to be completed with the number of units of the preapproved work item to be waived in order to make monies available for the

substituted work item cost. The number in this column may need to be factored so that the applicant waives only the amount to be substituted for the preapproved cost. The number of units waived may be factored to no more than three digits to the right of the decimal point. For example, if the substituted work item has a cost of \$100 and the work item was preapproved at one unit with a cost ceiling of \$135 per unit, the applicant must waive claim to 0.741 of the preapproved units. This will result in a waiver of \$100.04 of preapproved costs. For ease of processing, the actual amount claimed should be rounded to the nearest whole dollar.

4. The last item on the table of substitutions provides the SAF applicant with the opportunity to reject the use of an ADEQ-created Electronic Reimbursement Application to hold work items and related costs not eligible for substitution. If the box is not checked, ADEQ will create an Electronic Reimbursement Application to hold those work items and related costs that cannot be used for substitution but meet the requirements of A.R.S. §49-1054(C)(2). Work items and related costs not eligible for substitution that do not meet the requirements of A.R.S. §49- 1054(C)(2) will be denied. An applicant may submit a reimbursement application to claim these denied work items and costs.

**NOTE:** The SAF applicant is not required to use the Electronic Reimbursement Application for ineligible substituted work items. The work item(s) may be re-submitted on a separate reimbursement application.

5. Read, sign and have notarized the substitution request and waiver.

**PAYMENT PROCESSING:**

1. Substitution request submitted with direct payment application: If the requested substitution item(s) are eligible for substitution, and preapproved monies available for the substitution(s), payment for the eligible substituted work item(s) will be made as part of the processing of the Direct Payment Application.
2. Substitution request submitted during appeal: If the substitution request is submitted during the appeal process (after the interim determination letter on the Direct Payment Application is issued by ADEQ), eligible substitutions will be paid after the appeal process has been concluded.

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
STATE ASSURANCE FUND  
DIRECT PAYMENT APPLICATION  
SUBSTITUTION REQUEST AND WAIVER**

I (We) hereby request ADEQ substitute, as designated on the attached table of substitutions, payment of the work item(s) claimed on this Direct Payment Application (cite application number, if known: \_\_\_\_\_) for the work item(s) on Preapproval Application \_\_\_\_\_. I (we) claim that these activities and costs do meet the standards for payment substitution from the State Assurance Fund pursuant to the Arizona Revised Statutes (A.R.S.) §49-1054(C) (1). I (We) hereby certify that the preapproved work item(s) shown on the table of substitutions has (have) been completed to the fullest extent necessary to complete the work objectives of the preapproved work plan and I (we) waive any and all current or future claim for payment for those pre-approved work item(s) set forth in the table of substitutions for which substitution is made pursuant to this request. I (We) hereby affirm that if insufficient preapproved monies are available to make the requested substitutions, work item(s) that cannot be substituted will be held in the form of a Arizona Department of Environmental Quality (ADEQ) created Electronic Reimbursement Application as indicated in the table of substitutions. I (We) further affirm that ADEQ will make any herein requested substitution payments in accordance with the provisions of A.R.S. Title 49, Chapter 6, Article 3 and A.A.C. Title 18, Chapter 12, Article 6.

I (We) further declare under penalty of perjury that all facts and statements set forth as part of this substitution request are true and correct to the best of my (our) knowledge and belief:

\_\_\_\_\_  
Claimant's Signature

Sworn to and subscribed this \_\_\_\_\_

\_\_\_\_\_  
Printed Name

day of \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
Title

Notary Public \_\_\_\_\_

My commission expires \_\_\_\_\_

County of \_\_\_\_\_, State of \_\_\_\_\_

\_\_\_\_\_  
Firm

\_\_\_\_\_  
Joint Claimant's Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Firm

## REQUEST FOR ELECTRONIC REIMBURSEMENT APPLICATION

If a corrective action activity and/or cost claimed in the Direct Payment Application is not set forth in the Preapproval Application, is claimed for an amount that is within the applicable cost ceilings, is within the work objectives of the preapproved work plan and is not eligible for substitution for a preapproved work item (pursuant to Arizona Revised Statutes (A.R.S.) §49-1054(C)(1)), the applicant may request the actual performed activity and/or incurred cost be held for payment in the form of an ADEQ-created Electronic Reimbursement Application. To request ADEQ to create an Electronic Reimbursement Application, the applicant must complete the table of work items on Page 9 of this package, sign and have notarized the statement on Page 10 and submit both the table of work items and the notarized statement with the Direct Payment Application. If not submitted with the Direct Payment Application, the request may be submitted during any appeal process.

**NOTE:** An Electronic Reimbursement Application request is not necessary if the work item(s) are ineligible for substitution due to lack of sufficient encumbered monies and a “yes” is placed in the last column of the table of substitutions. If a “yes” appears in this column, ADEQ will automatically create an Electronic Reimbursement Application to hold these work item(s) without further action on the part of the applicant.

Other than preparation of the request for Electronic Reimbursement Application, no additional work or information for creating and processing the Electronic Reimbursement Application will be required of the applicant unless specifically requested by ADEQ.

Use of the electronic reimbursement is appropriate when the applicant desires to claim a work item that is within the work objectives of the preapproved work plan and the applicable cost ceilings and otherwise would be eligible for substitution, but cannot be substituted because of lack of preapproved encumbered monies.

The cost of the work item to be held in the Electronic Reimbursement Application will be evaluated based on the cost ceiling/guideline applied to the approved Preapproval Application. An Electronic Reimbursement Application cannot be used to claim a per-unit rate in excess of the per-unit rate approved in the Preapproval Application.

**NOTE:** If a work item claimed on the Direct Payment Application is not within the work objectives of the preapproved work plan, it cannot be paid from monies encumbered under the approved Preapproval Application (such an item can neither be paid as a substitution nor held for payment in the form of an Electronic Reimbursement Application). Such a work item must be re-submitted under a new reimbursement application.

## INSTRUCTIONS FOR COMPLETING THE TABLE OF WORK ITEMS

### DEFINITIONS:

The definition of “work item” and “work objectives of the preapproved work plan” are critical to the understanding of what may be held in the form of the ADEQ created Electronic Reimbursement Application.

Therefore:

“Work item” means an action or task indicated by a line item or group of line items on an amount claimed summary worksheet, claimed summary worksheet or preapproval/direct pay cost estimate.

“Work objectives of the preapproved work plan” means the written goal of the proposed corrective action work to be performed, as related to the release(s) specified in the work plan. If the goal of the preapproved work plan is not stated in the work plan, the objectives of the preapproved work plan (proposed corrective action work to be performed, as related to the release(s) specified in the work plan) will be determined based on the content of the preapproved work plan. For example, if a work objective is site characterization, the work objective includes all work items necessary to accomplish the characterization of the release(s) specified in the work plan, which may include activities and related costs such as drilling costs, laboratory costs, characterization, labor costs, mileage and other items that accomplish the intended characterization of the subject release(s).

1. In preparing the table of work items, only one work item should be shown under each work item/cost table heading. Please number each work item/cost listed on the table of work items consecutively. If more space is needed, attach another page (8.5"x11" white paper) using the same table format. Also, if the work item is a different means of performing the same type of work (a different type of drill rig, different analytical method, etc.) as preapproved, the work item will not be reviewed for being reasonable and necessary as that determination was performed during the preapproval approval process. Work items that are dissimilar from work items preapproved will require review for being reasonable and necessary during the review process for the Direct Payment Application.
2. Under the table heading “work item/cost,” complete the information in each column. Note: the columns headed “ref. no.” and “direct pay activity/unit description” require some specific explanation:
  - Ref. no. – This column is to be used to identify the reference number assigned to the specific units/costs on the Direct Payment Application. If the request for Electronic Reimbursement Application is submitted with the Direct Payment Application, please Insert the identifier under column one (ref. no.) of the amount claimed summary worksheet” If the request for Electronic reimbursement is submitted after ADEQ issues the interim determination letter, insert the identifier under the column headed “line number” on the amount claimed summary worksheet that was enclosed with the ADEQ interim determination letter.

- Direct pay activity/unit description – This column is to be completed with the text of the cost item description (column seven) on the amount claimed summary worksheet (submitted with the Direct Payment Application) of the work item being requested to be held on the Electronic Reimbursement Application. The direct pay activity/unit description is also to include a description of the work item that the claimed units completed.

**PAYMENT PROCESS.** Priority ranking points are assigned to each Electronic Reimbursement Application when it is created. Assignment of priority ranking points is necessary to ensure that the application is paid as soon as SAF monies become available. The Electronic Reimbursement Application will be assigned the risk, financial need and delay priority points accrued by the Preapproval Application and points for deferral will accrue from the date the Direct Payment Application is received. Payment of the Electronic Reimbursement Application will be made in the normal course of ranking as prescribed in A.A.C. § R18-12-606.

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
STATE ASSURANCE FUND  
DIRECT PAYMENT APPLICATION  
REQUEST FOR ELECTRONIC REIMBURSEMENT APPLICATION**

I (We) hereby acknowledge that the table of work items submitted with this request designates those work item(s) claimed in this Direct Payment Application (cite application number if known: \_\_\_\_\_) that are not set forth in Preapproval Application \_\_\_\_\_ and have not been substituted for preapproved work items. Further, I (we) claim that these activities and costs do meet the standards for payment from the State Assurance Fund pursuant to the Arizona Revised Statutes (A.R.S.) §49-1054(C)(2) and request the Arizona Department of Environmental Quality create an Electronic Reimbursement Application to hold these work items for future payment from the State Assurance Fund. I (We) hereby affirm that ADEQ will make any herein requested payments in accordance with the provisions of A.R.S. Title 49, Chapter 6, Article 3 and A.A.C. Title 18, Chapter 12, Article 6.

I (We) further declare under penalty of perjury that all facts and statements set forth as part of this electronic reimbursement application request are true and correct to the best of my (our) knowledge and belief:

\_\_\_\_\_  
Claimant's Signature

Sworn to and subscribed this \_\_\_\_\_

\_\_\_\_\_  
Printed Name

day of \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
Title

Notary Public \_\_\_\_\_

My commission expires \_\_\_\_\_

County of \_\_\_\_\_, State of \_\_\_\_\_

\_\_\_\_\_  
Firm

\_\_\_\_\_  
Joint Claimant's Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Firm